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SUBJECT: UNCC Compensation Claims: Report on Kuwait Preparations for Bilateral Discussions with Iraq

Classified by: Legal Adviser Jeffrey Kovar, for reasons 1.4 (b) and (d)

¶1. (C) Summary. The Kuwaiti Prime Minister indicated this week to the Kuwaiti Mission in Geneva that the MFA is now seriously studying the issue of overall settlement with Iraq of the final segment of \$24 billion in UN Compensation Commission awards. The focus seems to be on a settlement that would involve major investments in Iraq rather than a temporary reduction in payments. The first major interagency meeting at the Kuwaiti MFA on this issue is scheduled for July 14. End Summary.

¶2. (C) Kuwait compensation office representative in Geneva, and long-time Mission contact on UNCC matters, Dr. Sabikah Al-Abdul-Razzaq, informed Mission Legal Adviser that she and the Kuwait Ambassador Dharar Abdul-Razzak Razzooqi met with the Kuwaiti Prime Minister (PM) this week during his visit to Geneva. Dr. Sabikah has known the PM for many years and at first expected the meeting to be largely social. However, after briefing the PM on the UNCC and preparations for bilateral meetings with Iraq on a possible settlement of the remaining \$24 billion in oil sector awards, she said he became very engaged, showing clear interest in linking a settlement to "big" investments in Iraq - oil fields, airports, etc. When the Ambassador asked him about the possibility of reaching an early arrangement on slowing UNCC payments by reducing the 5% deduction from oil sales to 1%, the PM said that he could not support such a reduction, noting that Kuwait could not publicly agree to any reduction without fierce opposition from Parliament.

¶3. (C) Dr. Sabikah commented to Mission Legal Adviser that she was surprised at the strength of the PM's opinions on these issues. Her impression was that the issue of reaching an overall settlement with Iraq is reaching much higher levels of discussion in Kuwait, and that the MFA is taking charge of it. Apparently, the PM indicated that only the MFA would speak publicly on these issues in the future.

¶4. (C) Dr. Sabikah believes it is a good sign that serious thinking is taking place about what kind of investment could be made in Iraq, and how it might be tied to an overall settlement of the future UNCC payments. She said that while the PM seemed very concerned about opposition in Parliament to any agreement to slow down payments, he was more confident that a settlement that included real investment in Iraq (e.g., returning the payments in the form of tangible investments) would be a different story.

¶5. (C) In a subsequent call Dr. Sabikah informed Mission Legal Adviser that she has now been summoned to Kuwait on July 14 to meet with MFA and other officials to discuss strategy for the upcoming bilateral discussions with Iraq.  
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